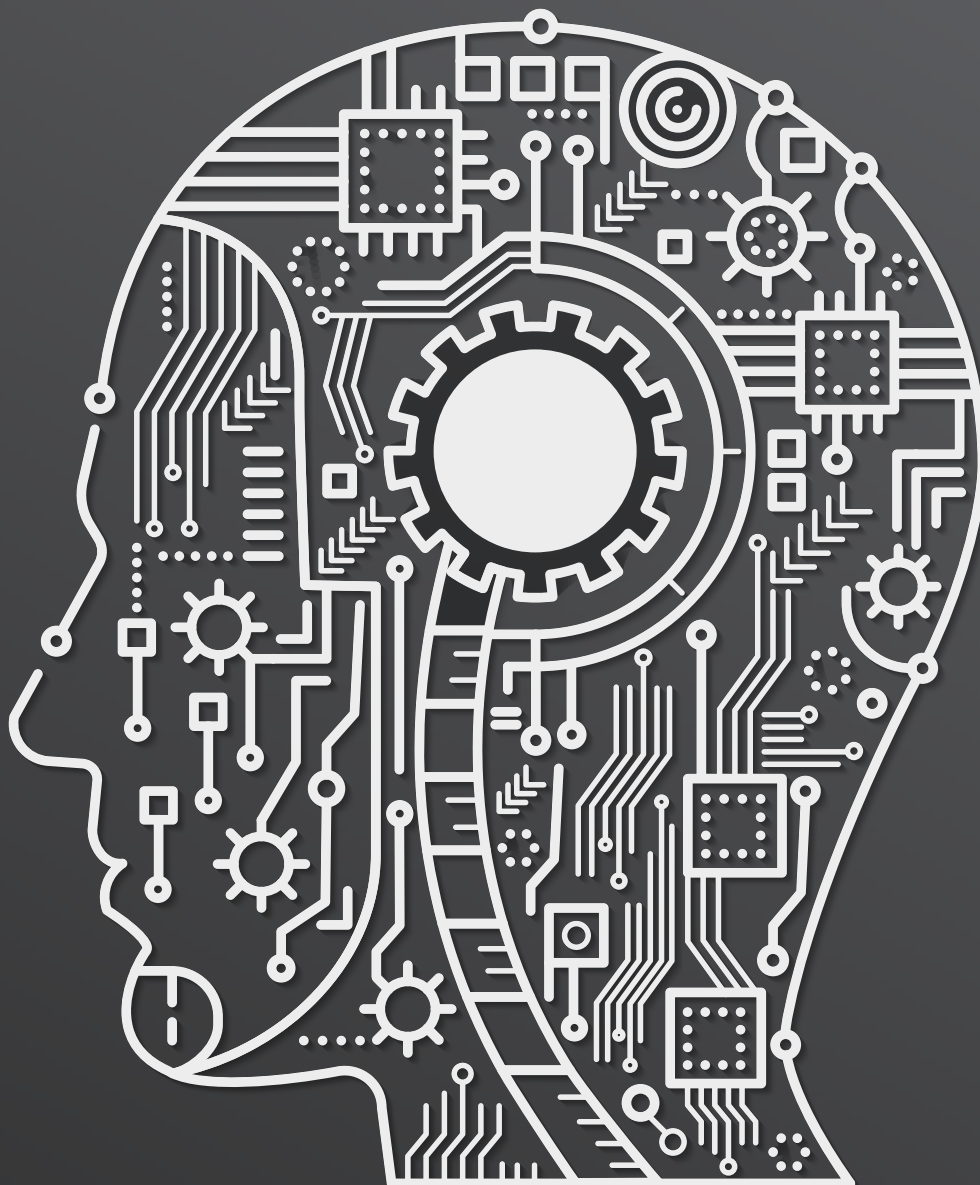




A whitepaper produced by InternetRetailing in association with IBM

The Engine for Omni-Channel Growth

MASTERING PEAK AND BEYOND WITH ORDER MANAGEMENT SYSTEMS



INTRODUCTION

Do you want your business to be front and centre in the minds of customers in an omni-channel world? Do you want to be intelligent, agile and lithe with your retail craft across all these channels? Do you want to win at Peak 2018? Do you want an engine to drive your omni-channel growth?

Well, the technology to win all this – and more – is there for the taking: Order Management Systems (OMS).

Here, in the omni-channel age, the ecommerce system is the brain of any retail company. OMS, then, is the central nervous system; the nerves and fibres that connect together all the silos of a retail business. It distributes the growing data and intelligence that all retailers have about their customers throughout the body-retail and, as such, are the engines for omni-channel growth.

In short, they hold the key to mastering peak 2018 and beyond and opening up omni-channel to any retailer who hasn't yet invested in OMS.

In such a fiercely competitive retail environment, now more than ever, taking a holistic view of the whole retail process and searching out efficiencies is crucial to not only meeting customers' increasing omni-channel shopping behaviour, but

also to delivering the margins retailers now rely on to make ends meet.

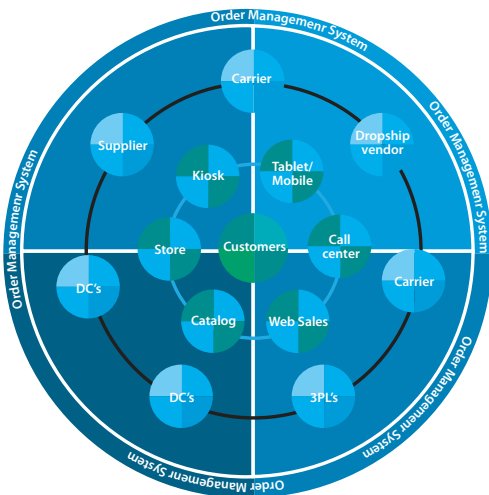
That means linking together all the intelligence you have within your business and using it to drive everything from your outreach marketing to your inventory, your website, stores and delivery services.

While connecting all these elements of the retail process, a well implemented OMS should also streamline and optimise the order processing part of a retail business, providing constantly updated inventory information, a database of vendors, a database of customers, a record of customer returns and refunds, information on billing and payments, order processing records and general ledger information.

The advantages of this here in the omni-channel age cannot be understated: improved sales order visibility, consistent execution of customer promise, returns and exceptions management, improved customer relations, efficient order processing with a minimum of delays and back-orders all help give a much clearer, up-to-the minute view of inventory and orders across the business. Can you afford not to? ■

OMS: THE ENGINE FOR OMNI-CHANNEL GROWTH

IMPACT ON THE CUSTOMER



Consumers want personalised experiences when they 'touch' a retailer; they want to be able to engage and shop on any device, in store and a mixture of all devices and stores, and they want to be able to click and collect, have rapid shipping – and specify exactly where and when they get their goods.

Alongside this, most customers want free and easy returns, coupled with the ability to take things back to a store – even if they bought them online.

This vastly flexible array of demands from consumers leaves any retailer in the predicament of having to find ways to either become fully omni-channel, or ways to make their existing omni-channel processes flexible enough to meet these changing needs.

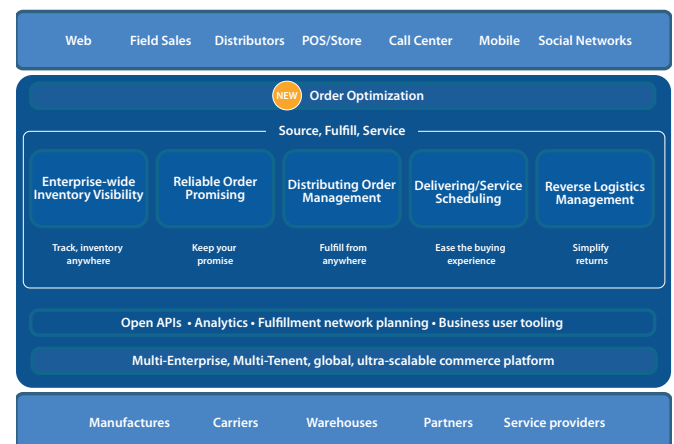
For any retailer – either an existing multichannel retailer or one on its way to become such – they all need to improve this service

for their customers and to do so as cost effectively as possible.

The answer is to try and more effectively collate and distribute the data that is spread across the business and its third parties. Yet, optimising supply chain, merchandising, retailing, warehousing, logistics and returns is an epic undertaking and one that needs to be as efficient as possible to ensure that, not only can it deliver the levels of customer service required, but also at a cost that maintains – or better still improves – margin.

This is where OMS comes into its own. Acting as a 'nervous system' for the organisation, it will aid the interoperability of all these functions across the business to deliver the kind of customer experience in the most efficient way possible.

IMPACT ON OPERATIONS



Omni-channel retail has produced many new order and delivery channels. OMS can be used to help manage the order process – and the post order customer service – especially at peak.

Attention must now be turned to how it impacts delivery.

Today's omni-channel shopper wants their goods right now and they want them cheap. Many also want it delivered to different places and, once they have received it, many want to either exchange it or send it back. This is a real challenge for any retailer. Trying to do it across multiple channels and, for many, across borders, is extremely challenging.

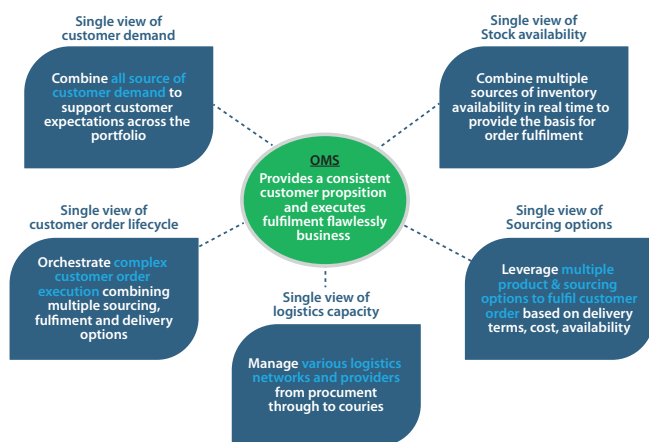
OMS acts as a 'nervous system' for the organisation: it will deliver the kind of customer experience you need 🐦

Promising to meet these demands also has a direct link to profitability. Not providing the right goods at the price promised, to the location specified right when you say it will be has a damaging effect on your brand. Shoppers readily remember poor service and delivery errors – many will even shy away from shopping online with specific retailers because of a bad experience with the courier firm they use. All this hurts your bottom line and has to be stymied.

Operations can gain much from order management. Typically, OMS has been deployed as a logistics tool. It is only here in the omni-channel era that its true potential to connect stock to channels to sales to delivery to customer services has really had to be leveraged.

IMPACT ON PRODUCT

OMS delivers a



The kind of products a retail sells will, of course, have an impact on operations and OMS systems can deliver different benefits for different kinds of retailers. Here we take a look at what different types of retailers need to consider with OMS based on the different ways they have to operate.

The key consideration for fashion and apparel retailers is speed. Fast turnover of styles and stock is now vital to their operation, often changing monthly or with some low-cost sportswear retailers, weekly. This puts a huge stress on managing inventory, shipping and availability as it often relies on low levels of stock, which once sold, are gone for good.

This impacts how the OMS can efficiently look at pricing, shipping, stock pooling and returns. Typically, the system will 'know' that stock is limited and so availability isn't such an issue – the business isn't running on an ethos that everyone who wants one will get one.

DIY stores are at the complete opposite end of the spectrum to fast fashion retailers. They tend to stock a set range of goods all the time that rarely changes. The challenge faced here, however, is that inventory items can run into the millions.

This means that the major role of the OMS is keeping tabs on what is in the inventory at all times, as in reality it is the only thing in the company – including the staff – that does.

Returns and exchanges aren't a major challenge here, more the OMS needs to manage stock levels so that some of everything are always available.

The grocery business is different again. It features huge inventory, time sensitive products, vast stores, vast warehouses and increasingly a massive mix of 'live' shoppers in store, click and collect shoppers and deliveries – often collected and delivered from either a real store or a dark store closed to the public.

The challenge faced in the grocery sector is that there are a wider distribution of stores and warehouses, so that essentially, the large inventory is spread all over the place. This can be difficult to manage and many retailers here would err on using stores to satisfy store demand and warehouses to satisfy online.

However, thanks to clever deployment of OMS, the whole stock can be viewed as part and parcel of the whole inventory and can be used to satisfy all the demands placed on it, often regardless of the channel through which the customer is shopping.

STRATEGY: PUTTING IT INTO PRACTICE

Putting OMS into practice is not a linear process and depends wholly on where a retailer already sits in the journey through automating and driving efficiency gains in omni-channel retail. However, we can break down the implementation of OMS into a series of steps that need to be achieved to ensure business growth.

It is here in the omni-channel era that the true potential of OMS to connect stock to channels to sales to delivery to customer service can be leveraged 🐦

- **Internal alignment** – Agreeing what the business wants to achieve is, naturally, step one in the process. But with OMS being a pan-organisational play, the first step is to get everyone on board.

- **Technical alignment** – The next 'stage' of OMS implementation revolves around deciding how the project is going to be implemented: internally, externally, with hardware or in the cloud. This decision loops back to internal alignment again as outlined above.

- **IT staff alignment** – While we have seen how boardroom alignment across the retailer is essential to strategic deployment of OMS company-wide in an omni-channel retailer, the IT staffing requirements are also a critical consideration.

- **Supplier involvement** – Another vital component in the strategic deployment of OMS is assessing your buying cycle and figuring out exactly where you are with processes and where you want to get to.

- **Template alignment** – Assessing what sort of OMS solution to adopt can also be dictated by where efficiencies in the OMS solution itself may lie. A third party, cloud based solution may well feature templates for certain tasks – such as say click and collect modules, or delivery tools – which can make deployment much more rapid.

- **Future alignment** – While OMS offer exceptional efficiencies and productivity gains across a retail organisation, they are wholly dependent on data being fed into them. With any organisation, it is a monumental task to define all the rules needed for the system to know how to process what is coming in in the most efficient manner and make the right decisions as to what that means. ■

CASE STUDIES

G-STAR



Having grown into a globe-straddling retail business, operating as a pioneer of omni-channel retail with an online and store presence in some 50 countries, G-Star has long recognised the importance of OMS to running its business. As it grew it developed its own OMS, largely designed and built in-house.

"We operate in 70 channels in 50 countries, which means we have 70 websites, stores, marketplaces and third-party sites selling our products, including a number of franchisee stores. We realised early on that our in-house OMS wasn't going to be able to deliver the kind of future proof services we needed. It was also not going to deliver what we wanted on Black Friday [2017]." ■

[Read more in the full paper, see page 10](#)

Sander van Wijk,
Project Manager at G-Star

YOOX NET-A-PORTER



It is only two years since the merger of Yoox and Net-a-Porter, but since then much has been done to integrate these two fashion retailers, which sell luxury in-season fashion and out-of-season discounted goods, as well as developing flagship ecommerce sites for luxury brands.

"The omnichannel functionality will, in addition, enable more flexible fulfilment options and services, including same-day delivery in New York, London, Milan, Dubai, Shanghai and Tokyo. It will also enable the flagship stores to have a better view of customers and link their online and offline behaviour." ■

[Read more in the full paper, see page 11](#)

Alex Alexander, CIO,
Yoox Net-a-Porter Group

M&S



Marks & Spencer has a long history of excellent customer service and here in the omni-channel age upholding that reputation is increasingly important to the retailer. Until now it relied on an outsourced digital OMS

solution, but Head of Digital Customer Promise at M&S, Paul Greenwood, wanted to bring it in-house to give the retailer greater control and flexibility on the services it offers its customers.

"It's given us greater operational control particularly for peak trading events. We provided the 'order management levers' for our operations colleagues, each year bring new challenges so these levers are constantly being improved." ■

[Read more in the full paper, see page 12](#)

Paul Greenwood,
Head of Digital Customer Promise, M&S

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[To find out more about Omnichannel Commerce please visit <http://ibm.biz/RetailCognitive>](#)

SPONSOR'S MESSAGE



Over the last ten years e-commerce has matured from one channel, to multi-channel to the omni-channel/unified commerce of today. Most retailers generate online sales of more than 10% of total sales – with the very best trending towards 50% of total sales. The management challenge has been to offer a differentiated customer experience, making life for the customer as compelling and convenient as

possible through:

1. Significantly extended online assortments/market-places
2. Refined customer service/fulfilment propositions
3. High quality store clienteling, connecting on line to physical retail
4. High quality customer contact/call centre support
5. Efficient fulfilment with proactive response to exceptions
6. And last, but not least, optimising profit

Gone are the days when sales growth was enough to justify the next project.

Lurking at the back of every retailer's mind are a few common questions:

1. What will Amazon do next to disrupt my business?
2. What will my known competitors do next year and how will I be better?
3. Who are the start-up disruptors that are not on my immediate radar today, but whose business model represents future risk?

The very best retailers in the world have been quicker to adapt to these disruptions, because they typically have a clarity of business vision, strong brands and associated customer loyalty. However, the technical foundation that the very best depend upon is more often than not underpinned by the Order Management System (OMS).

OMS is the central nervous system of omni-channel retailing. It provides the electronic plumbing that connects retail operations in every functional silo. Critically, OMS allows the IT department to respond in a far more agile manner to the increasingly frequent changes required by line of business executives, who battle to remain relevant and competitive in the eyes of their customers.

The great news for companies who were not amongst early adopters of OMS is that the combination of knowledge accrued by consultants and systems integrators over the past decade – coupled with Cloud/SaaS delivery of OMS – means that most retailers can now adopt OMS. Gone are the barriers of a long time to implement and the associated high costs of implementation and hiring expert employees. Indeed, the cost and risks have been reduced by the guaranteed development of operations processes on cloud/SaaS OMS platforms.

So, no more excuses for procrastinating. As the insights in this white paper will hopefully show you, all you need is to identify the opportunities for you to leverage OMS within your own business.



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